



NEW MEXICO STATE LEGISLATURE

WELFARE REFORM OVERSIGHT COMMITTEE

2006

INTERIM REPORT

CONTENTS:

Annual Summary
Legislative Endorsements
Work Plan, Meeting Schedule
Agendas
Minutes

New Mexico Legislative Council Service
Santa Fe, New Mexico

ANNUAL SUMMARY, LEGISLATIVE ENDORSEMENTS

Members of the Welfare Reform Oversight Committee

Representative	Luciano "Lucky" Varela, Chair
Senator	Linda M. Lopez, Vice Chair
Senator	Sue Wilson Beffort
Senator	Clinton D. Harden, Jr.
Representative	Irvin Harrison
Representative	Larry A. Larranaga
Senator	Steven P. Neville
Senator	Gerald Ortiz y Pino
Representative	Nick L. Salazar
Representative	Jim R. Trujillo
Representative	Gloria C. Vaughn
Senator	Ben D. Altamirano
Representative	Ernest H. Chavez
Representative	Richard P. Cheney
Representative	Kandy Cordova
Senator	Dianna J. Duran
Representative	Candy Spence Ezzell
Representative	Daniel R. Foley
Representative	Miguel P. Garcia
Senator	John C. Ryan
Representative	Edward C. Sandoval
Representative	Marry H. Skeen

WELFARE REFORM OVERSIGHT COMMITTEE

Representative Luciano "Lucky" Varela, Chair
Senator Linda M. Lopez, Vice Chair

Compliance with federal changes

Passage of a new federal law, the Deficit Reduction Act (DRA), forced the welfare reform oversight committee (WROC) to oversee an overhaul of state eligibility and work requirements for the whole of the temporary assistance for needy families (TANF) program.

Despite the urgency of the duty to ensure state compliance with such intricate federal changes in reporting, organization and budgeting, the committee was also able to attend to other major, more state-specific problems such as rural transportation, education and job placement; better child care for New Mexico's poorest children; and hunger. In attending to such problems, the committee fulfilled its statutory duties.

Compliance with federal changes proceeded with a good working relationship between the committee, the primary department charged with implementation of the TANF program and advocates. The human services department (HSD) operated with the committee's support to continue with the mandates of the New Mexico Works Act insofar as they could remain under the new federal framework. The committee worked with the department to ensure, for instance, that the state retain its commitment to education as much as possible while retaining federal funding, and the committee continued to stress the need to evaluate job retention for the state's poorest citizens rather than counting short-term job placements as a primary measure of success. By the end of the interim, the express language of statutory revisions for the works act had not been settled, but a committee was active in preparation of a consensus bill to present for the next legislative session.

The urgent need for utility support for the state's poorest people

The committee discovered late in the interim that, despite a special session in fall 2005 and \$23 million in state funds devoted to low income home energy assistance programs (LIHEAP), the state's poorest families will meet the chill of winter with no special state support, unless 2007 begins with an emergency LIHEAP appropriation.

Last winter, the state was able to help just over 70,000 families with a payment of approximately \$400 over the whole of the winter months through a larger-than-normal state appropriation for LIHEAP. Poor families were better able to meet rising costs for all home energy through the state supplement, which was generated by oil and gas revenues. The state expected more LIHEAP funding for the current winter from the federal government, but such federal funds had not materialized by the end of the 2006 interim, leaving committee members with the duty to request emergency state funding for

home heat for the state's poorest families. The committee endorsed and Representative Edward C. Sandoval agreed to carry an emergency LIHEAP bill.

State priorities

The committee was confronted at its first interim meeting with the resignation of the executive director of the office of workforce training and development (OWTD), the lead office charged with coordinating back-to-work programs for state agencies. Although he had been on the job less than a year and was appointed simultaneously with a reorganization of duties among agencies, he assured the committee that the move would be smooth and have little impact on the state's poor. The same day, a change in administration for the state's largest workforce provider was announced to the committee, as the labor department was replaced by New Mexico state university to run programs in central New Mexico. Although the committee had anticipated aggressive improvements in the state's record of getting people into sustaining work, simply tracking the changes in management and administration proved difficult.

The committee worked closely with the new OWTD administration, which was called to report frequently in the intercession, with particular emphasis on the need for the office to concentrate on two key questions: (1) did OWTD plan to coordinate job and placement services for TANF clients through a network of "one-stop shop" centers, or was the emphasis to do such work electronically or "virtually" through coordination of data? (2) what was the plan to overcome pitfalls that seem to have contributed to turf battles among and between the web of state agencies and local workforce boards?

In order to answer such questions, the committee met with the several agencies comprising the state's largest one-stop shop in Belen and toured the facility in July. It invited the state's chief information officer to testify about systems supporting data-sharing and problems with protecting individual privacy across eligibility systems. It met with "navigators" hired to guide clients through the maze of eligibility and jobs.

At the committee's last interim meeting, it expected a report from the new executive director but received, instead, an announcement that he was being replaced, that his replacement was not yet on the job and that no report to the committee would follow during the interim.

The committee's work on resolving persistent problems in making better transportation services available, particularly in rural areas, was more successful than efforts focused on improvements to job training and placement. Committee members asked department of transportation (DOT) employees to attend several meetings, encouraging them to develop a coordinated response to the needs of people in poverty in the state's rural areas. DOT officials explained that less federal money is available to New Mexico, in part because of competition among municipal areas and in part because federal priorities for transportation services no longer match New Mexico demographics. Under a new federal funding framework, New Mexico receives and will continue to

receive less federal money.

Committee members urged DOT officials to consider ways to address the rural transportation problem by considering new systems for planning trips, new means of matching federal dollars and new modes of transportation. Committee members suggested establishing a state pool for rural transportation, a state tax dedicated to rural transportation and a method through which rural TANF participants could afford to purchase and maintain automobiles. Although a single solution was not offered during the interim, significant progress was made in bringing the DOT and the HSD together for a unified plan. By the end of the interim, the departments had agreed to meet to design systemic changes to improve the possibilities for rural people to attend work in areas with little public transportation.

People in New Mexico who have been on TANF the longest have significant barriers to being able to return to work, chief among them transportation, which has been discussed, as well as improving basic education and language skills and the need for quality child care. The committee heard child care providers and advocates during several meetings, listening to the problems of providers in meeting state quality improvement measures and listening to child advocates describe the desperate need to improve ways to rate and advertise the quality of child care offered. The committee heard from the early childhood action network about its plan to fund child care on the front end, early in life, so children can meet important developmental milestones and become productive citizens and from child care providers who still struggle to pay a living wage or provide training on a par with that available for teachers in public schools.

Consideration was given to ways that allow people on TANF to keep more money, such as avoiding the "cliff effect" by allowing eligibility to receive child care assistance to be judged separately from the amount earned before losing such support and by allowing custodial parents to keep more child support dollars. Finally, the committee considered and endorsed efforts to ensure that children in state custody at the age of 18 be given more help until the age of 21 so that they may be better prepared for successful adult life.

Basic educational programs such as general educational development (GED) and adult basic education (ABE) programs and English fluency are still poorly funded. Although the higher education department has made strides in funding and acknowledging the important role community colleges play in educating adults, long waiting lists are still common for those who need to improve their English skills, finish high school or acquire basic adult education. The lack of support persists even though legislators are well-acquainted with statistics demonstrating clearly that those with at least a high school education are much better able to leave poverty and much more likely to raise educated children who are capable of demanding and earning a livable wage.

At WROC's last meeting, Kay Monaco, who announced her retirement as director of New Mexico voices for children, addressed the committee, admonishing committee members to do all they can to improve the lot of New Mexico's poor and emphasizing the dismal truth that New Mexico continues to rank among the three poorest states; its people remain in poverty; its educational opportunities are poorly funded; and its workforce system is disorganized. The committee's charge to improve the lot of the poorest of the poor in the country is a deeply meaningful and important one that she urged committee members to share with their legislative colleagues.

Finally, the committee considered the network of programs and people available to assist homeless families in their search for permanent safe housing and better transitional housing. Testimony from the mortgage finance authority and the coalition to end homelessness verified that current systems are working, though funding could improve.

Conclusion

Committee members adopted a matrix of legislative priorities (attached as an addendum to this final report), reflecting its consensus on transportation, education, children's issues, job placement and housing initiatives. Its priority concern, funding for home heating in the winter, will be presented for emergency funding at the beginning of the legislative session.

The WROC, charged with oversight of all state welfare-to-work programs and compliance with federal welfare-to-work mandates, demonstrated a continuing devotion to improvement rather than mere maintenance of poverty programs. Its expertise in creating new systems to address persistent problems expanded; its network of experts who are able to identify solutions to difficult problems expanded; and its commitment to move New Mexicans out of poverty remained undiminished.

2006 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
WELFARE REFORM OVERSIGHT COMMITTEE

Members

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort
Sen. Clinton D. Harden, Jr.
Rep. Irvin Harrison
Sen. Steven P. Neville

Sen. Gerald Ortiz y Pino
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn
Rep. Avon W. Wilson

Advisory Members

Sen. Ben D. Altamirano
Rep. Ernest H. Chavez
Rep. Richard P. Cheney
Rep. Kandy Cordova
Sen. Dianna J. Duran

Rep. Candy Spence Ezzell
Rep. Daniel R. Foley
Rep. Miguel P. Garcia*
Rep. Larry A. Larranaga
Sen. John C. Ryan
Rep. Edward C. Sandoval

The Welfare Reform Oversight Committee was created by Section 2-17-1 NMSA 1978 to examine the statutes, constitutional provisions and rules governing welfare reform in New Mexico; monitor and oversee the implementation of the New Mexico Works Act; review issues related to welfare reform, including job training programs and related contracts; oversee cash assistance, child care, transportation and other job-related services and issues that arise because of the devolution of the federal welfare programs to the states; and make recommendations relating to the adoption of rules and legislation, if any are found to be necessary.

The committee is also charged with hearing about implementation of the New Mexico Works Act from the secretaries of human services; labor; children, youth and families; public education; and health.

Work Plan

In the 2006 interim, the committee has agreed to focus on the issues recommended by the Legislative Council: federal statutory changes affecting delivery of services in New Mexico; evaluation and oversight of agencies, including the Office of Workforce Training and Development; ensuring compliance with federal rules; and examining whether poverty initiatives are getting people into adequate, sustainable work.

The committee will begin in July by studying, reviewing and discussing applications of the federal statutory changes that will make the state more vulnerable to fines from the federal government because of high work activity requirements for clients in the federal Temporary Assistance for Needy Families (TANF) Program. It will examine ways in which state agencies

plan to meet federal work requirements despite changes in the law and will examine barriers to work and levels of income the Human Services Department may disregard. On the second morning of the July meeting, the committee will convene at Belen at the one-stop shop used by TANF recipients and clients of various state and federal programs.

In August, the committee will hear a summary of a performance audit of the Human Services Department as well as updates on the operation of the Central New Mexico Regional Workforce and TANF programs. Questions about child care and child support programs and funding will be the focus of the September committee meeting as it considers various options for improving sustainable support for children whose parents are returning to the workforce. In October, the committee will: examine effective and successful work and training programs and on-the-job education; hear special concerns regarding the homeless population; and receive an update on financial support for students in community colleges. In November, the committee will evaluate changes made in the programs to support people in moving from unemployment to gainful employment. It will continue its oversight functions in hearing from appropriate departments on performance measures, hear the Legislative Finance Committee audit update and make its endorsements for legislation in the next session.

2006 APPROVED MEETING SCHEDULE

<u>Date</u>	<u>Location</u>
June 1-day	Santa Fe
July 20-21	Belen
August 10-11	Santa Fe
September 14-15	Santa Fe
October 10-11	Santa Fe
November 27-28	Santa Fe

*The Legislative Council approved appointment of Representative Miguel Garcia as an advisory member on June 28, 2006.

Revised: June 16, 2006

**TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE**

**June 20, 2006
State Capitol, Santa Fe
Room 307**

Tuesday, June 20

- | | |
|------------|--|
| 10:00 a.m. | Call to Order |
| 10:05 a.m. | Changes in Central NM Workforce Training Contract
—Katie Falls, Deputy Secretary, Human Services Department
—Reese Fullerton, Executive Director, Office of Workforce Training and Development
—Marilyn Hill, Deputy Secretary for Field Operations, Labor Department
—Sandra Corriveau, Director of Program Development for Limited Resource Audiences |
| 11:00 a.m. | Discuss and Approve Work Plan and Meeting Schedule |
| 12:00 noon | Adjourn |

**MINUTES
of the
FIRST MEETING
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

June 20, 2006

The 2006 organizational meeting of the welfare reform oversight committee was called to order by Representative Luciano "Lucky" Varela, chair, on Tuesday, June 20, at 10:20 a.m. at the state capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort
Sen. Clinton D. Harden, Jr.
Rep. Irvin Harrison
Rep. Nick L. Salazar
Rep. Jim R. Trujillo

Absent

Sen. Steven P. Neville
Sen. Gerald Ortiz y Pino
Sen. John Pinto
Rep. Gloria C. Vaughn
Rep. Avon W. Wilson

Advisory Members

Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Rep. Candy Spence Ezzell
Sen. John C. Ryan
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Kandy Cordova
Rep. Daniel R. Foley
Rep. Larry A. Larranaga

Staff

Jennie Lusk
Pamela Ray
Carrie McGovern

Guests

The guest list is in the original meeting file.

Changing the Contract for the New Mexico Central Region Workforce from the Labor Department to New Mexico State University (NMSU)

Katie Falls, human services department deputy director, reported that the department has entered into a contract with NMSU to operate the temporary assistance for needy families (TANF) program because new federal Deficit Reduction Act changes have caused increasing concern about the state's ability to meet requirements for participation in work activities. NMSU has had success in meeting the federal requirement that 50 percent of single TANF clients participate in a work activity, unlike the rates of participation currently in the central region. Because the state is assessed as a whole by the federal government and the central region program is the largest of the TANF programs, the department judged that getting an

administrator with a better history of performance than the labor department would be prudent. Ms. Falls reviewed the work participation rates for New Mexico regions, noting that, currently, the central region of Bernalillo, Sandoval, Torrance and Valencia counties has a work participation rate for singles of 41.5 percent to 48.7 percent. In the southwest region currently administered by NMSU, the work participation rate is between 63.5 percent and 76.2 percent.

Ms. Falls reviewed changes requiring New Mexico to meet the 50 percent participation rate for singles and a 90 percent participation rate for two-parent families within the current calendar year. In addition, a credit available to the state until June 30, 2006 in calculating the rate will no longer be available, so the participation numbers are likely to appear even worse.

Reese Fullerton, executive director of the office of workforce training and development (OWTD), reported that the services in the central region will remain the same and that the administrative changes should not have an impact on TANF clients. He noted that OWTD will have opened between eight and 12 one-stop centers for job placements and other services by the end of the summer, that the OWTD's job readiness certification program is becoming widely used by businesses, that the OWTD is emphasizing services for people with disabilities and youth at risk, that the OWTD has worked with Clovis-area businesses in preparing for a new mission for Cannon air force base and that the OWTD has simplified its contract for on-the-job training.

Mr. Fullerton also announced that he is leaving his post to become a deputy secretary for the energy, minerals and natural resources department. The new executive director and deputy for the OWTD have been named.

Marilyn Hill, deputy secretary for field operations, labor department, appeared before the committee to review the accomplishments of the department in operating the central region. She noted that the department began operations without a contract last July 1. The department, the central New Mexico council of governments and OWTD all were inexperienced in operating a TANF program. Jackie Ingle, who will transition between the administrative organizations, noted that there are still problems to be solved in the central region, regardless of the administrator — among them, data, office space and equipment.

Sandra Corriveau, director of program development for limited resources audiences for NMSU, thanked the labor department for its cooperation in the transition and expressed hope for success in administering the program.

Under questioning by committee members, Ms. Falls answered that the federal government requires the state to count in its work participation rates even those clients who are exempt from work. She agreed that the federal government is shifting costs to state governments. She said that many TANF clients should really be on social security but are unable to get signed up for benefits that they deserve in as timely a fashion as they are able to sign up for TANF. There was a question whether the federal government can improve social security in such a way as to protect TANF funding. She answered that the contract with NMSU was entered into on behalf of the department, not OWTD. She agreed that the northern region, operated by New Mexico highlands university for many years, has not met the work participation rates that in part caused the human services department to remove the labor department from operating the central

region. She acknowledged that the central New Mexico contract has been changed three times over four years. She asserted that the fact that the number of TANF clients has remained fairly constant does not mean that the program is unsuccessful; instead, it reflects the fact that there is a steady influx of new clients. She assured members that a majority of labor department employees will successfully transition to NMSU, though all employees will interview with the university after a temporary transition period. All positions — an estimated 54 — will be paid with TANF dollars. The changeover will not add more money to the administrative budget. Ms. Falls also acknowledged that the pay scale for income support division employees is comparatively low; starting pay is \$12.15 per hour although a college degree is almost mandatory.

Mr. Fullerton was applauded for his efforts, although committee members expressed concern over his departure and its significance for the smooth operation of TANF programs. The chair expressed concern that OWTD continue to emphasize oversight functions and not involve itself in the program. He also noted that the legislative finance committee is currently auditing the program to ensure that it has not deviated from the statutory authority set forth in its creation.

The committee took comments from the audience. Diane Wood, lobbyist for the women's justice project, was invited to address the committee and noted that women recently released from prison have even more barriers to finding work than do most poor women. Increases proposed in the teamworks program through the commission on the status of women (CSW) for women leaving prison did not pass, despite an endorsement by the courts, corrections and justice committee. Ms. Wood noted that the courts, corrections and justice committee had requested a total of only \$190,000 for the teamworks program and for resources and referral programs operated by CSW. Aiding the success of even one woman reentering the workforce could save the state an average of \$150,000, based on an average four-year term. Senator Harden described the barriers to finding work for a woman who had been in prison and noted that a minimum of four visits would be required to determine whether a woman was eligible for services. Gale Martinez from St. Elizabeth's center mentioned the veto of House Bill 385, which meant a loss of \$206,000 for the center's homeless program. The chair asked that the human services department redirect allocations to the shelter.

Committee members expressed longstanding frustration over the lack of programs for women that build nontraditional and relatively marketable skills. They also expressed frustration over vetoes and cuts for homeless programs and discussed the need to build homelessness services into departmental budgets. Staff was instructed to meet with legislative finance committee staff to begin working to better include the homelessness programs in budgets.

Work Plan

The committee adopted the work plan for 2006, as circulated, with plans to adjust agendas to serve the committee's interests during the interim.

The meeting was adjourned at 12:35 p.m.

Revised: July 19, 2006

**TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE**

**July 20, 2006
City Council Chambers
100 South Main St.
Belen, NM**

**July 21, 2006
Tour of Belen One-Stop**

Thursday, July 20

- 10:00 a.m. **Call to Order**
- 10:05 a.m. **Federal Reauthorization and Its Implications**
—Katie Falls, Deputy Director, Human Services Department
- 11:00 a.m. **Approaches to Living with the New Federal Regulations**
—Jack Tweedie, National Conference of State Legislatures
- 11:30 a.m. **Legislative Concerns with Performance Measures, Summary of LFC Report**
—Charles Sallee, Legislative Finance Committee Performance Auditor
- 12:00 noon **Discussion and Working Lunch**
- 2:30 p.m. **Barriers to Working**
- Child Care — Early Childhood Alliance
 —Dan Ritchey, Director of TEACH Early Childhood Project
 —Rebecca Dow, Director of Appletree Child Development Center,
 Truth or Consequences, and President of New Mexico Child Care
 Association
- Disabilities
 —Mary Moldrow, Disability Program Navigator
 —Len Malry, Interim Executive Director, Office of Workforce Training and
 Development
- 4:00 p.m. **Recess**

Friday, July 21

10:00 a.m **Tour of One-Stop Workforce Training Facility, Belen**

12:00 noon **Adjourn**

**MINUTES
of the
SECOND MEETING
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

July 20-21, 2006

The second meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, July 20, at 10:10 a.m. at the City Council Chambers in Belen, New Mexico. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair (7/20)
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort (7/21)
Sen. Clinton D. Harden, Jr.
Sen. Gerald Ortiz y Pino
Sen. John Pinto
Rep. Nick L. Salazar (7/20)
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Absent

Rep. Irvin Harrison
Sen. Steven P. Neville

Advisory Members

Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Rep. Kandy Cordova
Rep. Candy Spence Ezzell
Rep. Miguel P. Garcia
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Daniel R. Foley
Rep. Larry A. Larrañaga
Sen. John C. Ryan

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Jennie Lusk
Carrie McGovern
Ed Mazel

Guests

The guest list is in the meeting file.

Thursday, July 20

Moment of Silence

The chair requested a moment of silence in memory of Representative Avon W. Wilson, who passed away recently in Roswell, and expressed sympathy for her family.

Welcome

Mayor Ronnie Torres welcomed the committee to Belen and expressed his gratitude that the committee elected to meet in Belen.

Minutes

The minutes of the June 2006 meeting were unanimously approved as submitted.

Human Services Department — Federal Rules Changes

Katie Falls, deputy secretary of the Human Services Department (HSD), told committee members they should be prepared for more cuts in federal programs. In the Deficit Reduction Act (DRA), the federal government has rescinded the flexibility originally built into Temporary Assistance for Needy Families (TANF). While there are not major changes needed for the New Mexico Works Act because of the federal changes, the means of implementing the act may change, she said. For instance, federal changes have an impact on the ways work participation rates are calculated and counted. The department will recommend that education works no longer count toward the "maintenance of effort" (MOE) calculation for New Mexico since the new act further restricts using education as a substitute for employment. The new rules will be in effect in October, and New Mexico has to submit plans for implementation by September to the federal government or face sanctions.

Solutions to Problems Posed by the Deficit Reduction Act

Jack Tweedie, director of the Children and Families Program at the National Conference of State Legislatures, noted that the new federal regulations implementing the DRA are historic in their impact and in their lack of opportunity for state input since the regulations were issued only a day before they became effective. Other states have found alternate strategies for meeting the newly established work participation requirements and, with minor changes, New Mexico should be able to meet the requirements. Mr. Tweedie recommended that the state concentrate on improving the New Mexico Works Program rather than on work participation rates. He recommended that someone from New Mexico attend the "listening sessions" scheduled in Dallas in order to demonstrate that this state is well aware of the federal changes and he recommended using money spent for pre-kindergarten programs in the calculation of MOE.

The chair requested that Charles Sallee, Legislative Finance Committee performance auditor, work with the department on gathering good data and quantifying outcomes.

Questions by committee members focused on:

- federal requirements for closer monitoring at increased state cost and increased federal involvement in that monitoring;
- the need for better tracking of who has remained employed after leaving TANF rolls;
- the need to divert more rather than fewer clients into education works;

- changes in education works, such as how attendance at a four-year institution cannot count toward vocational education, that training for employability must result in actually being hired before it can count as work participation and that only formally supervised study hall time can count toward study hours;
- the burden on state employees of changing information technology to document compliance with the federal changes;
- objections to the top-down mandate by the federal government; and
- the ways in which the new rules are unfunded mandates.

Audit and Recommendations for Improving TANF Programs

Mr. Sallee reviewed his recently completed audit of the HSD and the Office of Workforce Training and Development, noting that the state is spending \$310 million annually across 11 departments on behalf of the state's poorest people, but that communications among and between departments cause the various processes to be complex, confusing and frustrating for many deserving clients. He highlighted recommendations made in the report, including:

- adopting a new framework to measure the success of TANF clients;
- streamlining the delivery of services for getting TANF clients to work through reducing bureaucratic layers;
- examining the possibility of consolidating administrative authority of most employment and training programs into a new single department;
- requiring all TANF employment and training services contractors to provide services through one-stop career centers and treating all TANF clients as job seekers;
- improving tracking by the HSD for both case management and those who find jobs;
- allowing TANF clients who work more than the required number of hours to keep a certain percentage of their excess earnings and amending the statute to allow a post-TANF job retention bonus;
- placing information on child care benefits available through the Children, Youth and Families Department (CYFD) and child care eligibility workers in the one-stop career centers;
- providing "tiered" child care benefits, thus encouraging families with children to continue working as their salaries rise by subsidizing child care up to a higher percentage of the federal poverty level;
- using the DRA benefit that allows families to keep child support, matched by the federal government, up to \$100 per month for one child and up to \$200 per month for two or more children; and
- studying a new workforce development system over the next interim and directing the Office of Workforce Training and Development to use local workforce boards more effectively.

Committee discussion covered functions of the Office of Workforce Training and Development; possibilities of finding and providing affordable quality child care; indexing all services, including transportation and child care, to the income of TANF clients; and making existing programs a priority over new initiatives.

Overcoming Child Care as a Barrier to Work

Rebecca Dow, director of Appletree Child Development Center and president of the New Mexico Childcare and Education Association, and Dan Ritchey, director of the TEACH Early Childhood Project, talked about the barriers their clients face in keeping their children in quality child care as they return to work. Ms. Dow noted that pre-kindergarten programs do not solve the child care problems of working parents and that 25,000 families receive child care assistance from the state. She emphasized that the state needs to provide more money so child care providers can provide a lower teacher-to-child ratio and so that child care teachers can earn a living wage. Mr. Ritchey introduced some of those who have benefited from the TEACH Program, which provides scholarships for child care teachers to become certified, and emphasized the need for improving the quality of child care.

Working Through Barriers to Those with Disabilities

Mary Moldrow, disability program navigator, and Len Malry, interim executive director of the Office of Workforce Training and Development, introduced the committee to a new concept being developed through the cooperation of the Vocational Rehabilitation Division with the Income Support Division of the HSD, the Labor Department and the CYFD and the coordination of the Office of Workforce Training and Development. Thus far, the program has served 2,000 persons with disabilities, 750 of whom have become employed. Those who are on the TANF rolls more than 36 months are most likely to have a disability — mental health, domestic violence or learning disability — that poses a barrier to work.

Under the grant-driven "program navigator" system, one counselor matches efforts with one person with disabilities to facilitate communications about the client. The navigator is an information and referral specialist who has a relationship with local employers as well as clients. Mr. Malry emphasized that his office wants all one-stop centers to offer a program navigator and described his recent visit to Roswell, where a navigator was helping partner agencies to consider hiring people with disabilities. Through an online statewide directory that can be queried by county, service provider and several other fields, the navigator can help clients take advantage of every opportunity and help employers comply with the federal Americans with Disabilities Act. The navigator grant runs out in a year, at which time some staff will have been trained. However, while the navigators will improve the capacity of other staff, the loss of money will have an impact.

Mr. Malry also addressed concerns expressed by committee members in earlier discussions, noting that the strength of having an Office of Workforce Training and Development outside the various agencies is to bring insight into how the system as a whole is working, and having perspective to see whether people are being lifted out of poverty.

Public Comment

TEACH scholars Lisa Chavez and Joseph O'Brien addressed the committee, talking about their experiences in receiving the certification and training and their individual concerns about improving the quality of child care in New Mexico.

The committee recessed at 3:15 p.m.

Friday, July 21

The committee reconvened at 10:00 a.m. for a discussion of workforce training in Belen and a tour of the one-stop facility, which is the largest in the state.

Members of the Middle Rio Grande Council of Governments, Youth Development, Incorporated, the Central Workforce Training Board, the Gold Mentor Program, Job Corps, navigators, as well as providers for the workforce connection and administrators for the various one-stop programs, were also in attendance.

Lawrence Rael, head of the council of governments that administers the one-stop, talked about the strengths of co-locating entities, including TANF and the Labor Department, with the Workforce Investment Act, Wagner-Peyser, veterans' services, adult basic education and university branch programs. While the benefits to clients of having services in one location is obvious, he said, the benefit to employers has not been adequately emphasized. Area employers are beginning to come directly to the one-stop to find employees. The goal is to locate one-stops in every county.

John Sapien, chair of the Workforce Board of Central New Mexico, said the one-stops are an attempt to follow a business model. Discussion ensued on the purpose of one-stops as finding work for deserving clients rather than on providing no-cost or subsidized placement services for private businesses. Questions arose over the activities of the Economic Development Department's efforts on behalf of TANF clients. The importance of including funding for one-stop centers in administrative agency budgets rather than relying on one-time capital outlay funding was also discussed.

Possibilities for legislation to support the one-stop concept surfaced — among them a tax credit for businesses that hire TANF clients, with increasing rewards for keeping the employee on staff for two years and including funds for summer employment back into the Workforce Investment Act funding.

Adjournment

After two hours of discussion the committee adjourned at 12:20 p.m.

Revised: August 8, 2006

TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE
August 10-11, 2006
Room 307, State Capitol

Thursday, August 10

- 10:00 a.m. **Autoclosure of Medicaid Cases**
—Kim Posich, Executive Director, and Gail Evans, Legal Director,
New Mexico Center on Law and Poverty
- 11:00 a.m. **TANF Transportation**
—Cathy Sisneros, Work and Family Support Bureau Chief, and
Fred Sandoval, Income Support Division Director, Human Services
Department
—Frank Sharpless, Transit and Rail Bureau Chief, New Mexico
Department of Transportation
- 12:00 noon **Lunch**
- 1:30 p.m. **Issues Related to Providing Child Care for Homeless Families**
—Suzanne Farley, Executive Director, Cuidando los Ninos
- 2:30 p.m. **Problems with Child Care Regulations and the Impact of New Regulations
on Providers**
—Linda Siegel
- 3:30 p.m. **Child Care Priorities of the Children, Youth and Families Department**
—Dorian Dodson, Secretary Designee, Children, Youth and Families
Department

Friday, August 11

- 10:00 a.m. **TANF/JARC Funding Initiatives and Transportation Issues**
—Jack Valencia, Executive Director, New Mexico Passenger
Transportation Association
—Frank Sharpless, Transit and Rail Bureau Chief, New Mexico
Department of Transportation
- 11:00 a.m. **Integrated Eligibility Information Systems**
—Roy Soto, State Chief Information Officer
—Connie Maki, Chief Information Officer, Human Services Department

**MINUTES
of the
THIRD MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE
August 10 -11, 2006**

The third meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, August 10, at 10:20 a.m. in Room 307 of the State Capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Sue Wilson Beffort
Sen. Clinton D. Harden, Jr.
Rep. Irvin Harrison (8-10)
Rep. Larry A. Larranaga
Sen. Gerald Ortiz y Pino
Rep. Nick L. Salazar
Rep. Jim R. Trujillo (8-10)
Rep. Gloria C. Vaughn

Absent

Sen. Linda M. Lopez, Vice Chair
Sen. Steven P. Neville
Sen. John Pinto

Advisory Members

Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Rep. Kandy Cordova
Rep. Miguel P. Garcia
Sen. John C. Ryan (8-10)
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley

(Attendance dates are noted for those members not present for both days of the meeting.)

Staff

Jennie Lusk
Pam Ray
Ramona Schmidt
Carrie McGovern

Guests

The guest list is in the meeting file.

Thursday, August 10, 2006

TANF Transportation

Because the first scheduled presenters were not available, the committee met with representatives from the Human Services Department (HSD), the Department of Transportation (DOT) and the New Mexico Passenger Transportation Association to sort through problems with providing funding for transportation for those who are clients of the Temporary Assistance for Needy Families Program (TANF).

Frank Sharpless, chief of the Transit and Rail Bureau, DOT, explained that shifts in federal categories of transportation and federal cuts drive many of the transportation problems affecting New Mexico TANF clients. A major problem for New Mexico occurred with TANF reauthorization: the transition from earmarked discretionary funding to a formula program based on the number of low-income clients caused a drop in federal funds available for New Mexico transportation. Further, the federal government now devotes 60 percent of transportation funding to large urban areas, of which New Mexico has only one, and 20 percent of the money to cities with a population between 50,000 and 200,000, of which Santa Fe is the only one. The remaining 20 percent can be used for rural areas, which is a significant drop in funding. Mr. Sharpless characterized transportation programs as "overregulated and underfunded".

Another problem derives from the level of state matching funding required for varying programs: the Job Access Reverse Commute (JARC) Program requires a one-to-one local match while other programs require as little as 20 percent. Therefore, New Mexico's small cities and rural areas that may need significant funding may not be able to afford to provide the required matching funds. In New Mexico, nine JARC-funded transportation programs closed on July 1. A total of \$337,435 is provided by state funds for rural services for TANF clients; and \$560,551 for urban services for TANF clients, including administrative costs. Finally, according to Mr. Sharpless, the City of Albuquerque uses funds provided for TANF clients to pay fares as well as to pay for the transportation system itself. Approximately 15 percent of funds is directed to the DOT for administration.

Jack Valencia, executive director of the New Mexico Passenger Transportation Association, predicted that TANF may experience a cascade of problems that originated with the shift in federal funding, the increased match requirement and the shift in federal concentration to large urban areas. Because transportation will be less available, fewer people may be able to work, an eventuality that could cause the state to be less able to meet its work requirements for TANF clients. Caseloads could rise, he said, even though the number of mandatory TANF clients still hovers at 8,000.

Cathy Sisneros, chief of the Work and Family Support Bureau, Fred Sandoval, director, Income Support Division, HSD, explained the problems with transportation for TANF clients from the HSD's point of view. When asked by committee members what became of a suggestion to provide cars for the working poor through apprentice and other vocational mechanics programs at community colleges, Ms. Sisneros discussed the San Juan College "earn a car" program and said that vouchers are available for New Mexico Works clients.

The committee requested a report on transportation of TANF clients, including data on auto mechanics and repair programs, the amount devoted to insurance and licenses, the number

of DOT passes and vouchers in use, the number of TANF clients using transportation passes and vouchers and the number of total participants in the JARC and TANF programs. Committee members are also interested in biking and helmet programs for commuters and in seeing how school transportation can be used creatively for TANF clients.

Answering a committee member's concern that clients working for self-sufficiency may sometimes be dropped from TANF eligibility if they receive a car from a transportation program, Ted Roth, director of the Policy Bureau, Income Support Division, HSD, explained that a recipient can exempt a car from income for purposes of TANF and food stamp benefits. A second car can create problems. A committee member suggested using DOT maintenance yards for trade school mechanic students.

The chair asked staff to ensure that the Department of Finance and Administration report to the Legislative Finance Committee and the Welfare Reform Oversight Committee on distribution of transportation funds. Legislators are interested in changing the statute to allow the state to provide a local match for the federal funds. Another possibility is funding transportation with a motor vehicle excise tax.

Homeless Children

Cuidando los Ninos Executive Director Suzanne Farley reported to the committee on her program, which is nationally accredited and currently involves 5,100 volunteer hours per month. The group is committed to serve homeless children with a progressive education. It operates with a \$1.2 million budget and pays its employees health insurance and annual leave. The state provides \$100,000 of the organization's budget.

Ms. Farley reported that Albuquerque Public Schools enroll some 3,000 homeless students. About 52 families are served by Cuidando los Ninos, but there is a waiting list of 60 persons. Cuidando los Ninos provides a safe environment for children and helps them overcome shame and guilt associated with homelessness. Homeless parents are unable to get TANF funding since they have no address, so homeless children are particularly vulnerable.

Cuidando los Ninos received money through capital outlay rather than through the Children, Youth and Families Department's (CYFD) budget request.

On questioning by committee members, Ms. Farley said that mental health services for Cuidando los Ninos clients are provided by a play therapist and other professionals contracted by the organization, but not through the state's ValueOptions Program. Committee members also discussed the seriousness of the homelessness problem that receives little leadership direction from local government. Ms. Farley agreed to provide the committee with some suggestions for how to do a better job for homeless families, most of which are single mothers and their children. She agreed to examine national models and report her recommendations to the committee and to give the committee a budget for what Cuidando los Ninos needs. Senator Ryan, who is on the Cuidando los Ninos Board, urged the committee to get the CYFD to put the organization in its budget so Cuidando los Ninos can begin receiving dedicated, consistent funding.

Problems with New Child Care Regulations

Linda Siegle reported briefly on problems with the new CYFD rules on child care credentialing, but emphasized that the department had already worked with her to resolve some disagreements. She emphasized that child care is a half-billion dollar industry in New Mexico, largely women-owned and women-driven. The industry is among the most regulated in the state. While Ms. Siegle believes the regulation is good since vulnerable children need to be placed in a learning environment, she is concerned that the underlying tone of state regulators is that one size fits all.

Donna Fletcher, owner of a downtown Albuquerque preschool that has been accredited for nine years, said that regulation is focused on only the top tier of child care providers and not on the 8,000 registered homes. As a representative of the Early Childhood Association, she asked the committee to require the CYFD to change its focus.

Rosa Pedraza from Children's World Child Development Center in Alamogordo reported that many children remain in registered, rather than licensed, homes. Registered homes, she said, are not doing their jobs. She urged the committee to work with the CYFD to get better quality child care in place.

Lynn Kelley, Santa Fe Child Care Center, said that recently she signed up a child of a single parent with two children. The mother has to work full time, but only qualifies for help from a five-star program, so her children could stay with the center until 2:30 p.m. each day. To stay until 5:00 p.m., she would have to pay the full cost of the care.

On questioning by committee members, Ms. Pedraza said that inspectors go into homes that have food programs, but not into registered homes. However, there is a question whether a registered home of a relative should be open to inspection. Secretary-Designee Dorian Dodson, CYFD, reported that the ratio of adults to infants in department-regulated child care is one adult per six infants.

The committee expressed interest in endorsing a bill that would cause child care subsidy payments to taper off as parental income increases rather than stopping suddenly at a certain income.

Representative Varela suggested creating a task force representing various areas of child care to solve problems with child care subsidies and regulations rather than relying on the HSD and CYFD to create a more workable system of child care. He added that the greatest percentage of registered homes, which remain unlicensed by the state, is likely to be operated by family members; nonetheless, CYFD and the Welfare Reform Oversight Committee should know what types of ownership and operation exist for the largest area of state child care payments. Finally, he suggested that the term "child care" be banished in favor of "child development", recognizing the importance of quality care and education in a child's early life.

Several audience members commented on the importance of child care and inspections, including Cindy Gonzales and Amy Bazan of the YWCA Carino Program and Joseph O'Brien from the TEACH Program.

Overview of CYFD Child Care

Secretary-Designee Dodson noted that providers made excellent points regarding the balance between overregulation and championing quality. She noted that \$77.7 million is provided by New Mexico taxpayers for subsidizing care for 24,000 children and that federal child care is a multibillion-dollar endeavor. She promised to provide information on the amount of funds devoted to registered and licensed providers.

Ms. Dodson also noted that, with \$32 million in child care support dollars, TANF constitutes the largest portion of funding for child care. While she acknowledged that registered providers were once the majority of the caregivers, the number of unlicensed caregivers is decreasing and now stands at 40 percent rather than 60 percent. CYFD is well aware that the providers who enter the "star" system of graded licensing are quality providers, but that registered homes also serve a function in providing care for many thousands of New Mexico children. The important thing is to work with a plan in place, she said. Ms. Dodson reported that CYFD had nine town hall meetings statewide, where 350 providers gave the department input. Department rules have been changed in response to the input.

Because of her background with homeless children, Ms. Dodson emphasized her support for homeless programs, noting that children raised in a homeless family are the most vulnerable of all children and that the primary challenge for CYFD is to increase access to services for these children and their families.

On questioning by committee members, Ms. Dodson promised to provide information to committee members on the requirements for each level of licensure. It was suggested that she discuss with the Higher Education Department ways to increase support for the TEACH Program. She also answered questions about what happened to the "loaner toy" program, about the amount of bureaucracy for registered homes, her views of the pre-kindergarten program, the "FirstBorn" Program of ValueOptions and the percentage of administrative funds with ValueOptions. Ms. Dodson promised to get information to the committee on what the Public Education Department's testing results have been for children who have been in state-funded child care and to suggest to the committee a good model for instituting a graduated program for the loss of child care subsidies.

Friday, August 11

The chair reconvened the meeting at 10:03 a.m.

Autoclosure of Medicaid Cases

Representative Varela cautioned committee members that the issue of autoclosure of Medicaid cases is being litigated in federal court.

Kim Posich, executive director for the New Mexico Center on Law and Poverty, stated that the goal of the center is to get the state to stop the process of autoclosure. He reviewed the recertification process and noted that the federal government grants Medicaid eligibility until a client is found to be ineligible. Eligibility is addressed through an annual recertification.

According to Mr. Posich, due to department staffing shortages in May 2004, HSD reprogrammed its computers to terminate individuals automatically unless the individual brought in the required paperwork to verify continued eligibility. From July 2005 to July 2006, there are no statistics available since HSD has stopped tracking information on cases closed automatically. Since the policy of automatic closure has been implemented, Mr. Posich said approximately 60,000 fewer people and 20,000 fewer children have Medicaid despite outreach by HSD. Mr. Posich addressed the committee regarding the problems caused by the autoclosure of Medicaid cases, including the loss of continuity of care.

Gail Evans, legal director of the New Mexico Center on Law and Poverty, reviewed justification arguments of the HSD in implementing autoclosure, including cost-containment. She said individuals who are eligible have been removed and later reinstated, although they were eligible for services all along. Ms. Evans stated that with autoclosure, there is no individualized finding of eligibility or ineligibility by a caseworker. Ms. Evans said the department has informed legislators that there was a federal audit, but the center notes the audit was from a different time period and did not address eligibility.

Representative Varela asked Roy Soto, state chief information officer, to make sure that the HSD considers this issue and its impact through the Integrated Eligibility Information System and its effect on clients. Representative Varela asked that a status report be brought back to the committee after the court decision is received, including the department's dollar impact.

Committee members raised issues that included the effect on Medicaid managed care organizations for reimbursement of benefits and whether the department can work with the advocates to address the issue and noted that the litigation could have been avoided if the Income Support Division (ISD2) Eligibility System had been updated to automatically remove deceased individuals and individuals who become eligible for Medicare.

Mr. Posich asked the committee to write a letter to Governor Richardson asking HSD to rescind the autoclosure policy and, until the policy changes, to resume tracking the numbers of cases closed automatically. Representative Varela stated it is his understanding that a letter had been sent from the Legislative Health and Human Services (HHS) Committee and that the Welfare Reform Oversight Committee will work with HHS regarding this issue. Representative Varela asked that a copy of this report be sent to the Legislative Finance Committee. The case is scheduled to go to trial on September 18.

Committee members debated how to respond to Mr. Posich's request for a letter to the governor requesting that HSD stop the practice of autoclosure. Some members believed it is inappropriate to send a letter during litigation, while other members thought that an executive committee of the Welfare Reform Oversight Committee could decide what step to take next. In addition, other members felt that a letter should be sent requesting the executive to ensure that the autoclosure policy be stopped and that HSD resume tracking the autoclosure numbers.

Committee members agreed that a letter will be submitted addressing the concern with the policy for the review of the chair and vice chair prior to signature.

Minutes

The July 20-21, 2006 minutes were approved unanimously.

Integrated Eligibility Information Systems

Mr. Soto presented an overview of the Integrated Eligibility Information Systems. He noted this is a massive process that ensures the inclusion of businesses, whereas many of the projects in the past had been information technology (IT) processes that had not been changed to include businesses.

Conny Maki, chief information officer, HSD, stated the current ISD2 system was implemented in 1987, is cumbersome and costly to maintain and lacks efficient functionality in the local field office environment. The ISD2 replacement goals include: increasing productivity and efficiency of field workers; lowering IT system and maintenance costs; migrating ISD2 from the mainframe to meet the state's IT enterprise architecture standards; and meeting state and federal requirements. The vision of "no wrong door" was reviewed, including services. The Integrated Eligibility Information System includes eligibility determination, screening, intake, application processing, referrals and scheduling. It was noted this is a collaboration of nine state agencies with up to 30 different programs and services in FY07, with more anticipated in FY08.

Discussion by committee members included addressing issues for HSD regarding the child support system. The framework for an Integrated Human Services Delivery System was reviewed. The proposed InterAgency Governance structure for July 20, 2006 was reviewed, along with the project teams, including the joint agency team and the project management team. Mr. Soto noted the replacement of the system for the department and the enterprise system are occurring simultaneously. The timeline for the Integrated Eligibility Enterprise System and ISD2 replacement was reviewed. Ms. Maki stated a joint agency kick-off meeting will be held at the end of August. She noted the length of the timeline is impacted by the requirement of federal

approvals and the state certification process. An appropriation was made for \$7.2 million to replace the system in HSD. In an attempt to leverage the money to expand the system to include other state agencies, the project may require another \$3 million. Representative Varela instructed Mr. Soto that a conceptual design will need to be presented before legislative committees when requesting more funding.

Committee members asked questions regarding what happened to past systems, including SALSA, TRENDS and Voss. It was clarified that the state is looking at other states to see what systems are being used and their effectiveness. The various IT system needs among the state agencies and the importance of addressing this systematically was discussed. A system will be chosen before a request for proposals (RFP) is sent out, and the approach is to see if there is public domain software that could be brought in and an RFP will go out for integration, which will cut down on the cost. The decision will ultimately be made by the department secretaries. Mr. Soto was asked for a conceptual dollar amount, to which he responded that while the original estimate for ISD2 replacement was \$12 million, a conservative updated estimate is now \$16 million. Discussion occurred regarding interface of information between departments, which should improve efficiency for caseworkers in different departments. Mr. Soto noted that any state IT program is required to address security and identity theft.

Adjournment

Representative Varela adjourned the meeting at 12:25 p.m.

Revised: September 13, 2006

**TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE**

**September 14 and 15, 2006
State Capitol
Room 322**

Thursday, September 14

- 10:00 a.m. **Child Care Challenges and Legislative Initiatives — Panel Discussion**
Tying high quality accessible child care to the goals of the Children's Cabinet and the policy recommendations of the Early Childhood Action Network and the Early Childhood Alliance
—Dr. Baji Rankin, Executive Director, NM Association for the Education of Young Children
Setting priorities for child care improvements during the 2007 session; regulating enrollment fees or rates charged by providers; expanding CYFD home visit program; indexed child care; expanding at-home infant care
—Bill Jordan, Deputy Director for Policy, New Mexico Voices for Children
—Dorian Dodson, Secretary, Children, Youth and Families Department
—Susan Loubet, Executive Director, NM Women's Agenda
—Ruth Hoffman, Executive Director, Lutheran Office of Governmental Ministry
—Rebecca Dow, Executive Director, NM Child Care Association
- 12:00 noon **Lunch**
- 1:30 p.m. **Proposals for Expanding Services to Children in State Custody from Ages 18 to 21**
Smooth transition planning for children not likely to be adopted; engaging the state in planning for children who age out of the foster care system; supporting children through age 21 in housing and mentoring
—Peter Cuba, Children's Rights Attorney
- 2:30 p.m. **Independent Living and Promoting Independence**
—Angela Adams, Director, Protective Services Division, CYFD
- 3:00 p.m. **Higher Education in New Mexico and Financial Aid Options**
—Beverlee McClure, Secretary, Ed.D., Higher Education Department
- 4:00 p.m. **Impact of New TANF Regulations On Higher Education**
—Frank Rentz, Former Executive Director of New Mexico Association of Community Colleges, Now Executive Coach of the Achieving the Dream National Community College Initiative, Working with Big Bend and Yakima Community Colleges
Split in the New Mexico Association of Community Colleges

- Ty Trujillo, New Mexico Association of Community Colleges
(branch colleges)
- Danny Earp, New Mexico Independent Community
(stand-alone community colleges)

Friday, September 15

- 9:00 a.m. **TANF Transportation Report — Response to Committee Requests**
—Fred Sandoval, Director, Income Support Division, Human Services Department
—Muffet Foy-Castillo, Director, Program Division, Department of Transportation
- 10:00 a.m. **Implementation of One-Stop Services**
—Len Malry, Interim Executive Director, Office of Workforce Training and
Development
- 12:00 noon **Adjourn**

**MINUTES
of the
FOURTH MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

**September 14 and 15, 2006
Santa Fe**

The fourth meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, September 14, at 10:15 a.m. at the state capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga (9/14)
Sen. Gerald Ortiz y Pino
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Advisory Members

Rep. Ernest H. Chavez
Rep. Kandy Cordova (9/14)
Rep. Miguel P. Garcia
Rep. Edward C. Sandoval

Absent

Rep. Irvin Harrison
Sen. Steven P. Neville
Sen. John Pinto

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Sen. Dianna J. Duran
Rep. Daniel R. Foley
Rep. Candy Spence Ezzell
Sen. John C. Ryan
Rep. Mary H. Skeen

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Jennie Lusk
Pam Ray
Carrie McGovern

Guests

The guest list is in the meeting file.

Thursday, September 14

Child Care Challenges and Legislative Initiatives

A spectrum of advocates and agencies addressed issues related to continuing concerns with the state's child care programs and ways to avoid repeating problems.

Baji Rankin, Ph.D., reviewed policy goals and accomplishments of the Early Childhood Action Network (ECAN) and Early Childhood Alliance (ECA), emphasizing the need to provide safe, stimulating and affordable child care for every child in New Mexico. She talked about the biological and developmental importance of early education, especially since 61 percent of New Mexico families include two working parents. She said brain development and public investment are not synchronized, and said ECAN and ECA are requesting more funding for early childhood programs than the Children, Youth and Families Department (CYFD) has in its budget. The child advocacy organizations want to provide child care support for working families up to 200 percent of the federal poverty level (FPL) and allow eligibility for continuing child care support for families up to 250 percent of the FPL, which comes to a total proposal of \$18.2 million as opposed to the expected CYFD proposal for \$5.5 million.

Danny Sandoval, deputy secretary of CYFD, introduced Marisol Atkins, Jack Callahan and Dan Harris from the department and contrasted priorities of the department's budget with the requests of the advocates. CYFD's budget request raises child care eligibility from 155 percent to 175 percent of the FPL guidelines. CYFD has some problems with avoiding the "cliff" effect that occurs when salaries get even one cent over a certain percentage of poverty and, hence, causes a family to lose the entirety of a child care facilities subsidy. He said that enrollment fees at state-supported child care facilities cannot be higher than those in private child care centers and discussed spending \$1 million this year to implement the ValuOptions at-home visits and at-home infant care.

Bill Jordan, Voices for Children, emphasized that the \$18 million request from early childhood networks does not represent full funding and that it is also very little compared with funding for higher education or k-12 education, though the early childhood period is the most critical developmentally.

Susan Loubet discussed the At-Home Infant Care Program, which received \$180,000 last year so that mothers can stay home with their children. The pilot program in Las Cruces had strict rules, including that enrollees stay with the program for a full year and that they miss no more than one class. Ms. Loubet advocated for funding for a second site. Mr. Sandoval said that the expansion of the pilot program is not currently in the CYFD base budget.

Ruth Hoffman, director of the Lutheran Office of Governmental Ministries, traced the history of child care supports, noting that state eligibility was at 200 percent of the FPL level only five years ago when it was cut in half because of budget pressures. She emphasized that everyone who receives child care funding support is working or going to school and thereby demonstrating a solid work ethic. The 38 percent of families who live at 200 percent of the FPL do not make a real living wage, she said, though the state can help them survive by subsidizing health care, housing, nutrition and child care. She also advocated funding the TEACH Program and the TTAP Training Program at higher levels. She categorized the CYFD budget as a floor — not a ceiling — and urged legislators to fund a minimum of \$18 million for child care.

Rebecca Dow said child care providers for TANF clients need better reimbursement rates from the state since they are prohibited from charging participants to bridge the gap between reimbursement rates and steadily rising costs, including costs resulting from increased regulation by CYFD and the state Department of Environment.

During questioning by committee members, Mr. Sandoval said that CYFD does not include child care for homeless children in the base budget; that nontraditional care is rarely provided in centers but more commonly in registered homes; and that the department is studying ways to avoid allowing an increase in the minimum wage that could cause clients to lose eligibility for child care and other supports. Mr. Sandoval also answered that the home visit program is being provided through the ValuOptions contract. Ms. Dow said that costs of compliance with state regulations have an impact on providers' ability to afford staff training and that reimbursement rates are not keeping up with inflation. She also confirmed that few, if any, child care centers offer employee health care coverage. Dan Harris from CYFD answered questions on the CYFD budget, including: that it does not include funding for staff time to attend mandatory training for improving a daycare center's "star" level; that the TTAP funds are included, along with Aim High and a variety of other programs, in the CYFD budget; and that eight community-based organizations have toy-lending libraries, although these programs are concentrated in the urban areas and could be expanded.

Extending Age of Eligibility for Services for Children in State Custody

Peter Cubra, children's rights attorney, suggested new legislation to committee members, which include funding for many more social workers for CYFD and a measure requiring CYFD to offer supports, if desired by clients, for those ages 18 to 21. He reported that 40 percent of homeless adults are former foster children.

He recommended that CYFD include requests for significant expansion of the number of social work positions in its budget because if children ages 18 to 21 are not supported, they may become a drain on society in perpetuity. As an example, he projected that a person incarcerated from age 18 to age 55 could cost over \$1 million to house, in comparison with relatively inexpensive intervention of approximately \$2 million to pay social workers who could provide services for children ages 18 to 21.

Mr. Cubra noted that the Transition Task Force established last year has not moved quickly. His proposal is for children who are in state custody at age 18 become entitled to support through age 21 as they learn to become independent. Services would include case management, planning, treatment, a lawyer and court assistance in getting a treatment plan fulfilled. A child could consent to continued CYFD guidance but would not be required to remain affiliated with CYFD. He asked the committee's endorsement and noted that it would be unfair to CYFD to mandate extension of services without funding for the services.

Angela Adams, director of the Protective Services Division of CYFD, estimated that approximately 2,300 children are currently in foster care, but less than 100 children per year exit from state foster care. Currently, there are approximately 235 children 18 to 21 years old who

have been emancipated. Of those, approximately 150 get a maintenance check on a monthly basis. Others may soon become entitled to Medicaid.

Legislators reminded the committee of the proposal to provide free full tuition for foster children and discussed whether a statutory change is required to make youth ages 18 to 21 eligible for Medicaid. The committee discussed legislative initiatives, including requiring CYFD to apply for benefits for children who will be emancipated at age 18; the need for revisions to the Adoption Act; the need for advocates to review the Family Preservation Act; and increasing entry level salaries for state workers. Deputy Secretary Sandoval reported that the CYFD's request is for 17 treatment workers and one children's court attorney, which should reduce the caseload from 17 children to 12 children per social worker. He was asked to bring those computations before the committee.

Higher Education

Secretary of Higher Education Beverlee McClure introduced Ofelia Morales, director of financial aid, Paul Landrum, director of planning and research, Laura Mulry, information officer, and Brandon Trujillo, legislative liaison, all of the Higher Education Department. Secretary McClure said the department's highest goal is to make quality higher education more financially accessible. She reviewed statistics indicating that the average person who holds a bachelor's degree makes approximately \$13,000 more than the average person who has only a high school diploma. If minority students participated at the rate the majority does, the state could increase tax revenues from earnings by \$517 million, she estimated. The secretary noted that 48 percent of those who met eligibility for lottery funding had low incomes.

The secretary reported that she expects to ask the legislature to allow the department to use more than one-half of the interest earned from the College Affordability Act for scholarships. She also reviewed the various scholarship and financial aid programs available to New Mexico students.

Upon questioning by legislators, the secretary agreed that higher education is not affordable to some students because of the debt students must accrue and said that the Articulation Committee's work should be helpful in reducing the debt because students will be confident that credits will transfer among New Mexico post-secondary schools. She said her department is also working with the Public Education Department to reduce remediation required for success in college and hopes the legislature will fund post-secondary schools so that students will not have to pay more tuition merely because utilities have increased at the schools. Furthermore, work is being done with high schools to test students for college preparedness early, so that they may be more aware of their need to prepare.

The secretary explained that high schools and colleges are collaborating currently by restructuring graduation criteria, perhaps requiring rather than merely recommending four years of English and mathematics and two years of a science. Representative Varela asked that the department clarify where the \$446 million appropriated for 125,000 students last year was used. Ms. Morales explained that the public school system is required to pay for dual credit classes unless other arrangements are made and that current statutes apply only to two-year schools. Therefore, if legislators want both high schools and colleges to be financially responsible for

dual enrollment and want four-year as well as two-year colleges to engage in dual enrollment with secondary schools, statutory changes will be required.

In a series of exchanges with Higher Education Department staff, retired former executive director of the New Mexico Community College Association Frank Rentz and Angela Adams, the committee got clarification on the availability of funds for former foster care clients, including: those ages 18 to 21 may be eligible for schooling or housing money through a recurring federal appropriation; and that statutory change is not required in order to standardize dual enrollment mechanisms, although the participation rate in the programs is at only 6,000 of 40,000 eligible high school juniors and seniors and could be improved.

Independent Living and Promoting Independence

Ms. Adams and Mr. Sandoval agreed with Mr. Cubra on suggestions to improve opportunities for those ages 18 to 21. However, while the federal Chafee Act provides funding for continued services through age 21, funding similar programs only with state dollars could reduce the federal money coming into the state. The agency is aware of the problem of improving transitions for foster children and has entered into a collaborative planning process. They promised thoughtful planning, but did not promise a legislative package for the coming session.

Impact of TANF Regulations on Higher Education

Mr. Rentz noted that 43 percent of all working families in New Mexico do not make enough money to live on; now, federal regulations may require less flexibility on the part of the Human Services Department (HSD) in order to meet federal participation rates. He presented information on the accomplishments of the Community College Association and offered an analysis of the changes required by federal regulation. He said new federal requirements should be for students to make "good and satisfactory progress", but instead the progress requirement is much more onerous. Also, he believes the current federal regulations requiring that English as a second language, graduation equivalent and training programs cannot be counted as TANF work participation if they are taken alone rather than as part of a vocational education will eliminate some students who need such programs most. Mr. Rentz, who is now a consultant for the Executive Coaching Program for Achieving the Dream, among other programs, said he submitted his concerns to the federal Department of Health and Human Services. He also asked the committee to request a report from HSD on economic self-sufficiency of those who leave TANF, in order to see how well education has served "leavers". He recommended amending the College Affordability Act to allow more flexibility for older students; for instance, removing the eight-semester limit and the requirement that semesters be consecutive. At this time, an estimated 50 percent of community college students work 20 hours a week or more. Mr. Rentz also noted that adult basic education has moved from the Public Education Department to the Higher Education Department and will need more money to encourage more students to get their educations and credentials.

Cathy Sisneros, bureau chief of the Work and Family Support Bureau at HSD, responded to Mr. Rentz's concern about losing flexibility in meeting work requirements by noting that the HSD has been meeting with a group comprised of community members to create a work verification plan, trying to be as flexible as possible in applying the new rules while submitting a

plan acceptable to the federal government. Ted Roth from HSD commented that the department shares Mr. Rentz's administrative concerns and said that the department is considering what to do about education. Even if education cannot be tallied as part of the federal work requirements, the department wants to keep these programs because they are key to actual improvements in the economic status of New Mexicans.

In answer to questions, committee members were assured that it is possible to receive unemployment insurance while attending school as long as the students are still seeking full-time employment; that the HSD is taking its recent performance audit by the Legislative Finance Committee (LFC) seriously; and will begin tracking clients who leave TANF for longer periods of time. Virginia Trujillo, vice president of workforce training, made committee members aware of the problem that some students are expelled or drop out of school as early as ninth grade but are not accepted in higher education until age 16. The legislature, she said, should appropriate funds for children in that age group who want to take a GED course.

Ty Trujillo was introduced as the new director of the New Mexico Association of Community Colleges. He assured the committee members that he and his counterpart at the New Mexico Independent Community Colleges Association would work together to improve community colleges.

The committee recessed at 5:37 p.m.

Friday, September 15

The chair reconvened the meeting at 9:20 a.m.

Danny Earp, the new director of the New Mexico Independent Community Colleges Association, was introduced and also assured the committee that the two voluntary associations would work together on behalf of community colleges. He explained that the split between the two groups that used to comprise the New Mexico Community College Association was not only a matter of personality, but could be attributed to a widening gap between the interests of branch colleges and independent community colleges.

The chair asked LFC staff to meet with Secretary of Higher Education McClure and both community college associations about decentralizing the education system, deciding how formula funding should be changed, if at all, and on tuition.

Transportation

Fred Sandoval, Income Support Division of HSD, David Harris, program manager for the Department of Transportation (DOT), Thomas Olgas, a JARC contractor with Corre Transportation in Grant County, and TANF participant Joanne Murphy followed up last month's committee meeting on transportation with reports and more in-person accounts on transportation successes.

The committee expressed interest in supplementing federal funds with state general funds, as needs for transportation — especially in rural areas — do not disappear. Within TANF, state dollars can be used to match federal dollars. To replace federal dollars eliminated

from JARC with state general fund dollars, Mr. Harris said it would take \$1.6 million (corrected for inflation) to return to the level available three years ago and \$900,000 to fill in the gap for last year.

Representative Varela asked the HSD and DOT representatives to give the committee a report on funds needed for a good transportation program, as transportation remains a major barrier to work and yet the state is under federal pressure to improve its work participation rate. Legislators also questioned the accuracy of reports presented that indicate there are only 308 TANF riders per month as it is, which would average only 11 trips per average weekday. Such a rate would cost \$15.00 per ride. Mr. Harris answered that many TANF trips are longer and involve persons with disabilities as opposed to fixed route riders. It was also suggested that the state establish a transit fund to help fill the gaps in funding for rides for TANF clients. Representative Varela suggested that employers could buy into the transportation program, particularly if they are participating in Workforce Investment Act employment. Discussion turned to suggestions that seem to have been ignored regarding establishing a transportation pool of retired state employee cars that could be maintained through auto mechanic programs at community colleges, the pilot program in Valencia County called "United We Ride", the potential for providing vehicles to TANF participants using a donated vehicle hotline and reimbursement rates for TANF mileage.

Office of Workforce Training and Development Report

Office of Workforce Training and Development (OWTD) Director Len Malry, Secretary of Labor Conroy Chino and Eli Fresquez reported on continued efforts to open one-stop locations. There soon will be one in eastern New Mexico, one in Albuquerque and one in Belen. The new one-stops are "pilot" programs integrating services as well as sharing space. Representative Varela requested that OWTD submit a plan for one-stops to the LFC and to the committee. Mr. Malry was asked about federal requirements for co-location endeavors and agreed that the federal requirements have not yet been met, although the one-stops have approximately seven partners within the co-located shops. Mr. Malry was also asked whether there is currently a plan to house a one-stop in the South Valley of Albuquerque, since unemployment there runs two times the state average. He said there is no current plan to open such a location.

Minutes

The minutes from the August meeting were approved as mailed on motion of Senator Ortiz y Pino and seconded by Senator Lopez.

Discussion

Committee members briefly discussed amending law to accommodate those in job training through the Unemployment Compensation Fund and ways to ensure that vacancies in agencies be filled within six or nine months before money reverts to the funding sources.

Adjournment

Representative Varela adjourned the meeting at 12:00 noon.

Revised: October 10, 2006

**TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE
October 10-11
Room 307, State Capitol**

Tuesday, October 10

- 10:00 a.m. **New Mexico Works Act**
- 11:00 a.m. **One-Stop and Other Workforce Issues, Including Information Technology**
- 12:00 noon **Lunch**
- 1:00 p.m. **Transportation**
- 2:00 p.m. **Education**
- 3:00 p.m. **Child Care and Child Support**

For all the first-day topics, key speakers from the following agencies will be available:

- Human Services Department
- Children, Youth and Families Department
- Department of Transportation
- Office of Workforce Training and Development
- Higher Education Department
- Information Technology

Speakers will address current issues, issues to be considered and recommendations.

Wednesday, October 11

- 9:00 a.m. **LIHEAP Programs**
 —Cathy Sisneros, Bureau Chief, Work and Family Support Bureau, Human Services Department
- 10:30 a.m. **Consequences of Homelessness and Funding Request**
 —Hank Hughes, Executive Director, New Mexico Coalition to End Homelessness
- Homelessness
 —Lisa LaBrecque, Policy and Advocacy Director, New Mexico Coalition to End Homelessness

11:30 a.m. **Statewide Organization of Homelessness Programs**

—Hank Hughes, Executive Director, New Mexico Coalition to End

Homelessness

—Lisa LaBrecque, Policy and Advocacy Director, New Mexico Coalition to End
Homelessness

—Lionel Holguin, Director of Community Development, Mortgage Finance
Authority

12:30 p.m. **Adjourn**

**MINUTES
of the
FIFTH MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE
October 10 - 11, 2006
Room 307, State Capitol**

The fifth meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Tuesday, October 10, at 10:20 a.m. at the State Capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Absent

Sen. Clinton D. Harden, Jr.
Rep. Irvin Harrison
Rep. Larry A. Larranaga
Sen. Steven P. Neville
Sen. Gerald Ortiz y Pino
Sen. John Pinto

Advisory Members

Rep. Ernest H. Chavez
Rep. Kandy Cordova
Sen. Dianna J. Duran
Rep. Miguel P. Garcia
Sen. John C. Ryan
Rep. Edward C. Sandoval
Rep. Mary H. Skeen

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley

Staff

Jennie Lusk
Pamela Ray
Ramona Schmidt
Carrie McGovern

Guests

The guest list is in the meeting file.

Tuesday, October 10

Welcome

The chair introduced and welcomed Representative Mary H. Skeen, widow of longtime New Mexico Congressman Joe Skeen, who was appointed to fill the vacancy left by the death of Representative Avon Wilson.

Interagency Reports

Leadership from the Human Services Department (HSD); Department of Transportation (DOT); workforce agencies including the Office of Workforce Training and Development (OWTD) and Labor Department (LD); Children, Youth and Families Department (CYFD); and Higher Education Department (HED) presented a single report that reflected their views on the current situation of welfare-to-work programs under the new federal Deficit Reduction Act (DRA) and recommendations for legislative action to resolve problems that may arise from its implementation.

New Mexico Works Act

Katie Falls, HSD deputy director, led the committee through a summary of the consequences for New Mexico of the DRA, noting that HSD would be coming to the committee with specific amendments to the New Mexico Works Act in November to codify changes required by the federal legislation.

Ms. Falls explained that, prior to the DRA, states defined many of their own work requirements and work exemptions. However, with passage of the DRA, all that has changed. Now, by federal law, a state must: change who it can exempt; ensure that new documentation of work periods and supervision is in place; put in place new time limits; and institute limits on education in a "vocational" setting, among other things. These changes require new time sheets, changes to the state database, new documentation of supervision and other changes without any new money. In addition, despite the fact that lack of education is a significant barrier to many of those most persistent on New Mexico's Temporary Assistance for Needy Families (TANF) Program rolls, the state must remove adult education programs including English as a second language (ESL), general equivalency diploma (GED) and adult basic education (ABE), so that they are no longer "core" activities. Changes must be made in work readiness, domestic violence and mental health and substance abuse program activities and documentation. HSD has submitted a plan to the federal government requesting that domestic violence services be covered as an allowable activity, though it is unlikely that the services will be approved.

HSD has sought the help of a broad spectrum of the community to work through productive ways to implement the DRA with the least pain for clients. Through working sessions, the group has concluded that the more clients are engaged in their own coverage, the more successful the transition from poverty to productive work can be. Because the department originally modeled state exemptions on those in federal legislation, New Mexico has to make fewer changes than many states. HSD has asked for an exemption for a single custodial parent for a child under 12 years old to take off for the birth of each child. Clients will need to come in to HSD offices now to verify exemption based on being in the third trimester of pregnancy, being over 60 years old, having an emergency and being a single custodial parent experiencing child care issues. During such visits, caseworkers will help clients decide how they can become more employable or "work-eligible". While the proposed plan was submitted to the federal government by October 1, the approved plan is not due to return until 2007.

In implementing performance measures, HSD is recommending that two-parent families be removed from the tally presented to the federal government because federal rules are so stringent that it is unlikely any state will be able to perform as expected. Now, 90 percent of

two-parent families must be employed full-time or risk federal penalties. This requirement is especially difficult to document, as families move from being one- to two-parent families fairly frequently. The department proposes doing all it can to serve such families with state funds, including assigning a specific case manager for such situations. While taking these families out of the "count" for purposes of justifying federal funds, the department can document these families by using other more manageable programs. Committee members encouraged HSD to focus on supporting parents to remain in two-parent families as much as possible by exploring further incentives to strengthen families. Ms. Falls reported that the Las Cruces "Strengthening Families" model is a good one.

Recommended changes are to give a bonus to clients and employers for retaining TANF participants for a longer period of time and to allow families whose noncustodial parent pays child support to keep more of the money. Under the DRA, the federal government will increase funds so that families on state assistance can keep up to \$200 of child support going to a family with two or more children. Because the DRA requires more individual attention, support services and case management, HSD will be requesting eight more case managers.

Among the comments and suggestions to the department from committee members were: (1) encouraging community colleges to operate their own study halls for adult education students and to provide child care during school hours; (2) continuing to improve the quality of child care available to TANF families; and (3) researching amendments to definitions in the New Mexico Works Act to allow more flexible use of vocational education activities and continuing active support of the "DADS" and "GRADS" programs. Ms. Falls explained that the domestic violence coalition, which once coordinated state programs, was not chosen to do the same through the current request for proposals (RFP) because the structure conflicts with new TANF requirements under the DRA, because the proposal submitted was "unresponsive" and because overhead is lower without the additional level of bureaucracy; i.e., under the new structure, more money goes to direct service providers than it did before. Senator Lopez asked that the minutes reflect that the legislature prefers to know when executive branch programs or systems are changing radically despite legislative contributions to language and policymaking. She suggested that the department reach out at least to the appropriate committee leadership to let them know, even if there is nothing the committee leadership can do about the decision.

One-Stop Shop and Workforce Issues, Including Internet Technology

Len Malry, director of OWTD; Conroy Chino, secretary of labor; and Chief Information Officer Roy Soto presented a report on state transportation as well as discussing the report contained in the multiagency presentation.

After a brief review of co-location versus "virtual" co-location of workforce field offices, the presenters were persuaded to explain that tensions between the federally mandated and unwieldy local workforce boards have slowed the process of opening new one-stop centers; in fact, there are zero certified one-stops in the state, which would include the proper number and integrated types of services. In some cases, the local boards have not wanted to locate in state facilities. The "virtual" coordination of the VOSS system is on the verge of working, Mr. Soto reported, and the state recently has migrated to Version 8 of the system. The CIO wants to

change the eligibility system to "Enterprise" while continuing to maintain VOSS and has given the committee a plan to migrate information onto that system.

Committee members recommended asking for a waiver from the mandatory federal structure for the local workforce boards so that decisions can be made more effectively and so that services will become less fragmented. However, since the state pays millions of dollars every year on workforce training, the legislators expect to see something cohesive before long. The presenters were asked to provide the committee with models of waiver applications that have been successful in other states.

Discussion moved to the "Career Clusters" Guidebook, which involves seven state agencies, including the public education department (PED), in providing a framework whereby teachers and mentors can join with professionals in the field to give students pertinent field experience in a given career. Frustration with the complexity of the levels of programming and the lack of progress was widely expressed, as presenters acknowledged that some \$350 million in state funding goes toward workforce development.

Transportation

Fred Sandoval and Katie Falls, HSD; Secretary-Designee Dorian Dodson, CYFD; and Frank Sharpless and Dave Harris, DOT, presented on the issues and problems inherent in transportation in a rural state such as New Mexico.

Ms. Falls laid out the differences between JARC (Job Access and Reverse Commute) and TANF transportation funding, noting that federal JARC funds are being cut and reorganized in such a way that no matter what else happens, New Mexico loses some federal dollars. With federal changes, 60 percent of all JARC funds is set aside for urban areas, of which the state has one (Albuquerque); 20 percent is set aside for small urban areas, of which the state has two; and the remaining 20 percent is dedicated to areas with fewer than 50,000 residents.

The committee members requested creative solutions for resolving the funding crisis for rural transportation; DOT is still working on a response to the committee on such issues. Mr. Harris was uncertain whether DOT has considered earmarking some state dollars to help rural JARC programs match federal funds. The conversation moved to the possibilities of paying vehicle repairs; expanding the use of gas vouchers; approaching car dealers to request contributions of older vehicles in exchange for a tax write-off; a dealer's exchange of cars for the tax advantage in the difference in value; extending liability and minimal physical insurance coverage to drivers; and use of publicly owned transportation, including school buses, to improve the availability for services for seniors and others.

Bruce Rizzieri, regional transit manager at the Mid-Region Council of Governments, reviewed successful efforts to improve transportation services in the Albuquerque-Belen metro area through the "United We Ride" Program, which brought 15 agencies together. The various agencies settled on common definitions and common means of tallying the number of rides and riders, invoicing and cost allocation.

The committee will request Secretary of Aging and Long-Term Services Debbie Armstrong to appear on the issue of using senior citizen vans during its last meeting. In addition, committee leadership requested that the agencies coordinate a single plan for TANF transportation in the coming year and that the lead department for each of the issues presented during the October 10 meeting be in charge of reporting during the next meeting on fiscal year 2008 funding.

TANF Education

Michelle Centrella, policy and program improvement coordinator for the ABE Division of the HED; Kathryn Cross-Maple, deputy secretary for the PED; and Ms. Falls reported on plans for education for adult TANF recipients who need to return to the workforce.

Ms. Centrella noted that ABE is available to persons 16 and older who need to concentrate on improving reading, numeracy and English literacy skills. Some 21 percent of those over 18 years old in New Mexico have not completed high school, and some five percent fall below the basic literacy level. The state now has 23 state-funded educational institutions, 19 public post-secondary institutions, three tribal colleges and one public high school that offer ABE courses, but these serve only six percent of the population. Each local program keeps its own waiting list, and most of the ABE courses are housed at community colleges. The state has 1,594 TANF clients in ABE programs, and the centralized record-keeping for the TANF ABE program is done at Eastern New Mexico University's Roswell campus.

Dr. Cross-Maple reported that the PED and HED are attempting to align and articulate course requirements and skill levels and discussed PED's general shift from a kindergarten through high school program to a pre-K through 20 curriculum, including students at both ends of the spectrum.

Representative Varela asked the ABE program coordinator to ensure that the Welfare Reform Oversight Committee hears its funding request and that it does not simply get presented with all of the other higher education requests.

Child Care

Ms. Dodson reviewed priorities in child care support for TANF clients. CYFD would like to see better access for people who need child care, better transportation services and more jobs. She also believes that TANF clients need more child care during nontraditional hours — i.e., not just between 8:00 a.m. and 5:00 p.m. The state pays \$77.5 million for child care, and Ms. Dodson expressed her concern that the state should not be providing only "warehousing" for children in state-assisted child care, but instead should provide quality child care.

CYFD will propose increases in eligibility for child care in its budget, asking to raise eligibility to 155 percent of the federal poverty level (FPL), or an income of approximately \$25,730 annually for a family of three, to 175 percent of FPL, or an income of approximately \$29,050 for a family of three. The department used to pay subsidies for child care for families earning up to 200 percent FPL, but is not prepared to ask for funding to accomplish such a broad change in a single year. Moving to 175 percent FPL will require case management and services

for an extra 1,187 clients. The department does not, however, expect to be able to handle the consequences of addressing the "cliff effect" during the coming session, fearing that it will be unable to extend the needed services to the poorest people with such a program as it essentially broadens subsidies for people at the higher income end of the employment spectrum. The department expects to "ramp up" co-pays so that the more families earn, the greater portion of tax dollars they will pay.

The department will request funding for an additional seven workers, \$4.3 million in additional funding and an additional \$500,000 for special needs populations.

TANF clients are the department's number one priority, she said, and noted that it is important to work with HSD to help people to find and retain jobs.

Child Support

Lila Bird, CYFD Office of General Counsel, talked about the department's priorities of getting child support orders and dealing with the impact of the DRA. Now, both parents must ensure that a child has health insurance, and the department can get a support order for either parent to require the provision of insurance.

CYFD will recommend replacing federal dollars with state dollars for some programs and will ask the legislature's permission to charge a \$25.00 fee for families that have never received TANF but whose child support orders were received by CYFD staff.

Discussion followed on reciprocity with other states in forgiving child support arrears, implementation of the Uniform Interstate Family Support Act, the Family Mediation Program, domestic violence and protective custody.

Recess

The committee recessed at 4:00 p.m.

Wednesday, October 11

The chair reconvened the committee at 9:15 a.m.

Low Income Home Energy Assistance Program (LIHEAP)

Cathy Sisneros, bureau chief of the Work and Family Support Bureau of HSD, introduced Loretta Williams, the LIHEAP manager within the bureau. They explained that a federal base grant for LIHEAP goes to HSD and a separate federal base grant flows directly to tribes that have established their own LIHEAP programs. They reported on the numbers of grants and the fluctuations of funds an individual recipient may get. Because the legislature held a special session last year in order to improve the odds that the poorest people could afford to be warm at home, a great influx of funds came in. The bureau went from an available budget of \$9 million to over \$31 million in a single year and served 71,794 persons as opposed to the 55,685 served the previous year.

This year, HSD is attempting to serve the same number of people, but does not expect to get the same level of state funding; hence, the amount individuals receive will be significantly reduced.

However, legislators let it be known that the department should not plan to cut back so much because there is consensus that some sort of funding package that ties state LIHEAP to some sort of steady source of income should be passed this session. Legislators did not realize that, having appropriated \$31 million, they had not funded the program in such a way that it had start-up money for this winter's heating bills.

Senator Beffort questioned the RFP process in which, according to her constituents, small businesses are cut out of the competition, and requested that HSD provide the LIHEAP RFP and a list of bidders. Her suggestion is to make the bid process available to small businesses that work only in one locale rather than statewide in order to create a market niche for small businesses.

Staff was asked to prepare bills reflecting a range of options for funding LIHEAP with a steady flow of state funds. HSD was requested to come back to the committee with a proposal for funding LIHEAP on a permanent basis.

The discussion moved to weatherization and possibilities for using such services to encourage larger energy savings. Lionel Holguin, community coordinator for the New Mexico Mortgage Finance Authority, who was in the audience awaiting his presentation, was asked to provide a precise report on weatherization projects, accounting both for the state and federal funds. He was also asked about federal orientation to raze rather than repair and rehabilitate traditional New Mexico adobe housing. Senator Ryan suggested that the state create an energy conservation entity so that any New Mexican who wants to improve the efficiency of a home can call and receive suggestions for doing so. Mr. Sandoval was asked to bring the committee the highest bills paid by consumers for energy last season.

Consequences of Homelessness

Hank Hughes, executive director, and Lisa LaBrecque, policy and advisory director, the Coalition to End Homelessness, emphasized to the committee that homelessness is high in rural as well as urban areas, that 40 percent of homeless persons are in family groups and that half the

homeless population is on the streets because of domestic violence. They estimate that a household has to earn \$12.00 per hour to afford a two-bedroom apartment in New Mexico, so having a child sick or some other event that leads to a loss of work at a lower-end job can make the difference between being on the streets and being in a home. Being homeless and moving from place to place is devastating to a child's education.

The coalition is asking the legislature for \$500,000 beyond its current \$1.45 million in funding for emergency shelter and also for long-term supportive housing services and a separate appropriation to create a dedicated funding stream for affordable housing development. They presented a handout on the cost-savings of supportive housing.

Mr. Holguin explained the federal framework for state emergency shelters, HOME grants, housing for persons living with AIDS and the use of the Governor's Housing Trust Fund for construction loans only. He said demand is so high there is no way to meet it with the current budget.

Adjournment

The committee adjourned at 11:25 a.m.

Revised: November 27, 2006

TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE

November 27-28, 2006
State Capitol, Room 307

Monday, November 27

- | | |
|------------|---|
| 10:00 a.m. | Statutory Revisions
—Katie Falls, Deputy Secretary, Human Services Department |
| 11:00 a.m. | Performance Measures
—Katie Falls, Deputy Secretary, Human Services Department |
| 11:30 a.m. | Legislative Finance Committee (LFC) Performance Audit of ValueOptions
—Charles Sallee, LFC Performance Auditor |
| 12:30 p.m. | Working Lunch |
| 1:30 p.m. | Plans, Proposals and Performance Measures
—Len Malry, Executive Director, Office of Workforce Training and Development <ul style="list-style-type: none">• Will OWTD propose simplifying the workforce boards?• Will doing so require a federal waiver or statutory change?• Decisions on virtual versus actual co-location |
| 2:00 p.m. | Plans, Proposals and Performance Measures
—Dorian Dodson, Secretary-Designee, Children, Youth and Families Department
—Danny Sandoval, Deputy Secretary, Children, Youth and Families Department |
| 3:00 p.m. | Enforcement of Food Safety Standards for TANF Child Care Providers
—Anna Marie Ortiz, Division Director, Environmental Health Division Food Program |
| 4:00 p.m. | Proposals for Improving Transportation for TANF Participants
—Fred Sandoval, Director, Income Support Division, Human Services Department
—Department of Transportation Representatives TBA |

Tuesday, November 28

- 9:00 a.m. **Incumbent Worker Training**
—Kay Monaco, New Mexico Voices for Children
- 10:00 a.m. **Response to Human Services Department Proposed Statutory Revisions**
—Ruth Hoffman, Lutheran Office of Governmental Ministry
—Susan Loubet, New Mexico Women's Agenda

10:30 a.m. **Higher Education Plans, Proposals and Performance Measures**
—Beverlee McClure, Secretary-Designee of Higher Education

11:00 a.m. **Legislative Endorsements**

**MINUTES
of the
SIXTH MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

**November 27 and 28, 2006
Santa Fe**

The sixth and final 2006 meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, Chair, on Monday, November 27, at 10:20 a.m. at the State Capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga
Sen. Gerald Ortiz y Pino (November 28)
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Absent

Sen. Sue Wilson Beffort
Rep. Irvin Harrison
Sen. Steven P. Neville
Sen. John Pinto

Advisory Members

Rep. Ernest H. Chavez
Rep. Kandy Cordova
Sen. Dianna J. Duran (November 27)
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley (November 27)
Rep. Miguel P. Garcia
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Sen. John C. Ryan
Rep. Mary H. Skeen

Legislative Guests

Speaker Ben Lujan attended some parts of the session on November 27, 2006.
Representative Nora Espinosa, who was elected but has not been sworn in to replace Representative Avon Wilson, attended on November 27.

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Jennie Lusk
Carrie McGovern

Monday, November 27

Human Services Department — Statutory Changes

Katie Falls, deputy secretary, Human Services Department (HSD), reviewed changes the department proposes to New Mexico law in order to comply with the federal Deficit Reduction Act (DRA).

The primary changes, she said, are making sure to tie vocational education to education goals; changing the exemption structure for those who cannot work; changing the amount of child support money a custodial parent can keep in the household; and introducing an employment retention bonus. Federal law now requires a higher work participation rate for those receiving temporary assistance for needy families (TANF) benefits, particularly two-parent households.

Ms. Falls stated that the department's request for funding includes increases for contractors for putting hard-to-employ people into jobs. Legislators recommended changing the statutes only insofar as they contradict new federal law, but in general to avoid taking mandates out of statute and placing them in rule as proposed in several places. Ms. Falls and her staff will meet with advocates shortly after the meeting to discuss specific objections to the department's language and to find a way to resolve differences.

Minutes

The minutes of both the September and October meetings were unanimously adopted.

Human Services Department — Performance Measures

Ms. Falls reviewed plans by the department to implement changes in performance measures recommended by the Welfare Reform Oversight Committee last year. She said that HSD is interested in getting new-hire and some other forms of data and estimated that it would cost approximately \$113,000 in recurring funds to track those who leave TANF programs at six months, one year and two years. The department's Michael Rogers has met with Voices for Children and with Labor Department staff to see how to coordinate new hire and other data so that the numbers can be amassed and manipulated in a meaningful way. Deputy Secretary Falls said the performance measures would not be in the general appropriations act this year, as the department is still trying to get the data; however, she said the department can go forward immediately if the data becomes available, using internal performance measures and self-assessment in anticipation of the next fiscal year.

Discussion ensued on the reasons for not implementing the new performance measures this year and on data collection and availability. Ms. Falls reviewed recommended changes to the New Mexico Works Act in response to new federal requirements for work participation rates, reporting, oversight and programming for clients in TANF programs. Legislators expressed concerns over removing express statutory protections for clients in the process of allowing the department more flexibility for implementation of the state program. Advocate Ruth Hoffman, executive director of the Lutheran Office of Governmental Ministry, emphasized the importance of keeping in statute some hard-won protections, especially as administrations and administrative support for TANF programs changes over decades.

Legislative Finance Committee Report on Performance Audit of ValuOptions

Charles Sallee, performance auditor with the Legislative Finance Committee (LFC), reviewed his report on behavioral health services through ValuOptions and recommended improving departmental authority, administration and appropriations for the service in the coming year. Mr. Sallee reported that responsibilities for implementation, performance and evaluation of the behavioral health system are, as yet, spread across agencies. Its budget is not unitary — that is, parts of the single-entity system are budgeted and debited through several administrative agencies. There is, as yet, no strategic plan for what the system will accomplish. The responsibilities for making and publishing rules are not clearly delineated, and the public has little way of knowing when its input will be accepted and when or by whom its input will be evaluated.

Because of these flaws, there is little public accountability, however carefully an administrative agency may exercise its oversight. He recommended making the collaborative's rulemaking authority express under one or another department so that a single set of rules and standards for reporting will apply and so that those who have problems with the behavioral health collaborative or its actions would have a predictable means of shaping the prescribing and treatment practices and other policies that apply to them. Having a more comprehensive approach to administration and performance would move the state forward toward more improvement of its behavioral health system. Secretary of Human Services Pamela Hyde, who was in the audience, responded to Mr. Sallee's suggestions and to subsequent questions and recommendations of legislators.

Office of Workforce Training and Development — Performance Measures

Executive Director Len Malry, Office of Workforce Training and Development (OWTD), was scheduled to report to the committee on his decisions whether or not to request a waiver from the federal government on the makeup of local workforce training boards and on whether OWTD's priority will be to co-locate physical offices of various required workforce partners or to do so through computer, or "virtually". The office was in transition throughout the interim, but the committee urged the executive director, who came on staff in July, to make these two points a priority. Mr. Malry appeared just long enough to announce that he was being replaced within two weeks and would not make a report.

Children, Youth and Families Department Performance Measures

Danny Sandoval, deputy secretary, Children, Youth and Families Department (CYFD), introduced some of the CYFD staff, including Romaine Serna, Bill Dunbar and Robin Otten. He reviewed transitional living plans for youth ages 16 to 21, noting that youth must have a transitional living plan prior to being released, even under the current structure of the department. For youth between ages 18 and 21, the department holds discussions on the living environment, contact with social workers, prohibited behavior, medical care and youth support opportunities, and these discussions continue through the age children elect to leave the system, at age 21 or before. Health care is the number one priority, he said, but that some children elect not to participate in the Medicaid matching program available through the Chafee federal programs. He also noted that with a 20 percent to 25 percent staff turnover rate and a 17.5 percent vacancy rate, it is difficult to bring more services to this age group. Mr. Sandoval said that the department has requested 17 new full-time-equivalent treatment workers and one litigator, which is a 31 percent increase for children in foster care. The department will need \$4.1 million to replace federal funds that are disappearing under the DRA and other federal mandates; just to keep the department whole in comparison with last year will take these new

dollars. The department will also request an increase of \$1,388,000 for foster care reimbursement in the coming session, which is equivalent to \$100 per child in foster care.

Last year, the legislature gave the department an increase of \$1 million for juvenile justice transition, and with that, the department hopes to add six new positions and reassign staff for housing, independent living, employment and recovery services, including behavioral health. The enhanced program will cover 569 staff to participate in a 25-year enhanced retirement program as an incentive for staff retention for 230 employees in probation and parole and 339 employees in facilities.

Finally, he said that CYFD shares the priority of the Children's Cabinet to work on a Youth Civic Justice Corps, directed to children coming out of foster care and juvenile justice services.

On questioning from committee members, CYFD staff reported on new programs with various community colleges to expand services for children in juvenile justice facilities so that they can get additional skills and increased distance learning opportunities. Staff also noted the departmental emphasis on ensuring that recidivism rates are as small as possible through providing educational and vocational opportunities for those in juvenile justice facilities and treatment centers. Ms. Serna explained the treatment foster care program and noted that it is a medically driven program. The department continues to try to get eligible children on SSI, though often such federal inclusion for medical care takes repeated attempts over a good deal of federal rejection.

Transportation

Fred Sandoval, deputy director, Income Support Division, HSD, reported that HSD and the Department of Transportation (DOT) have been working together to plan for better transportation services for TANF participants. A Year 2000 study of TANF participants exists, though its recommendations and concerns have not been thoroughly addressed as yet. For instance, finding a way to get to child care in rural areas and having enough money to pay for gasoline were major priority concerns five years ago and likely remain so today. Mr. Sandoval said the old study is being reviewed as the two departments consider their next steps. Mr. Sandoval said that HSD is recommending United We Ride programs, which have already been presented before the committee, among its priorities.

Frank Sharpless, DOT, said that DOT has also endorsed the United We Ride concept and can use it for leveraging funds for transportation for those living in poverty. He said the department wants to ensure that it does not leave any available federal money unused in implementing programs; however, the department deals with public and not with private transportation. He added that the department is in the midst of doing multimodal transportation planning and may have a plan prepared early in the next calendar year that will demonstrate funding options by geographic area in the state.

On questioning from committee members, Mr. Sandoval and Mr. Sharpless answered questions on fundamental problems with providing services in the northern part of the state, gaps in the "GRIP" program for transportation as they pertain to poorer clients and the costs of providing a gasoline coupon. Representative Varela asked the two to itemize money to come up with recommendations for the LFC to consider with the General Services Department to see how much transportation planning can improve for the TANF clients. He emphasized that it is time

to concentrate on providing reliable transportation, especially since being unable to get to work will have an impact both on clients and on the state's ability to improve its work participation rates. Other questions and comments concerned the possibility of encouraging more people to take the bus (where service is available), using an EBT card for such riders, encouraging biking and bike helmet use, getting gas vouchers for grandparents, involving the Public Education Department in using school transportation for TANF clients, donating cars, helping TANF clients pay for automobile insurance (perhaps buying into the state insurance pool) and the impact of owning a car on TANF eligibility.

Follow-up on Environmental Standards for Child Care Providers

Ana Marie Ortiz reported to the committee that the Department of Environment (NMED) has worked to relieve the health concerns of children in state-supported child care without closing down or burdening child care providers.

When child care providers complained that demands for improving standards for daycare kitchens were too strict, NMED attempted to ease the cost of equipment upgrades and allowed providers to apply for waivers, delaying implementation of the new regulations. The department allowed facilities that required food permits an exemption beginning in February 2006 by providing snacks rather than warm food, for instance. The new secretary-designate of the CYFD also asked NMED staff to train providers in ways to get a variance when they could not qualify for a permit. Anita Roy, food specialist for Area 2, said daycare centers in her jurisdiction have both English and Spanish standards explained to them. Also, she said, new rules ensure that daycare provided in homes does not fall under NMED's jurisdiction.

On questioning of committee members, the presenters said that daycare centers do not have to upgrade equipment if they can demonstrate that their equipment works. Further, the department had warned providers beginning in 2002 that new requirements would be in place by 2005, and put in a variance provision allowing older equipment to be used so long as protection standards are met.

Recess

The committee recessed at 4:45 p.m.

Tuesday, November 28

The committee reconvened at 9:25 a.m. on Tuesday, November 28.

Incumbent Worker Training and Other Issues

New Mexico Voices for Children Executive Director Kay Monaco began her presentation by announcing that she is leaving after years at the helm of the not-for-profit dedicated to improving the lot of New Mexico's children. She explained that the need for "incumbent worker" training, her primary topic of the day, is related to a host of other significant issues for the poorest in New Mexico's poor economy.

She noted that, regrettably, New Mexico continues to be at the bottom end of the youth wellness spectrum. It continues to be a failure at least in part for not looking systematically at changing conditions that lead to poverty, including: allowing the minimum wage to remain in place, although working at that wage does not move people out of poverty; not including a state income tax credit; providing a more reliable safety net for child care; and transportation for the

state's poor. Providing training on site for workers who cannot leave their jobs could begin to change people's lives so that they have a chance to build a future, she said. In the long term, providing such training, in English or in GED training, or in vocational training that could lead to higher-wage jobs, can lead to leaving poverty, whereas continuing with the status quo of an uneducated or undereducated workforce is self-perpetuating poverty.

Ms. Monaco mentioned that in the Bare Bones Budget issued some years ago, many poor people aged 25-54 were working full time. Of those in poverty, 17 percent did not have a diploma or a GED, 33 percent were Hispanic and 26 percent were Native American, but only 7 percent were Anglo. By the year 2020, she said, 69 percent of the workforce will be comprised of minority racial groups, who are comparatively uneducated and uncompetitive. If the state does nothing to fix the numbers for uneducated populations in New Mexico, she warned, per capita income will drop, as will tax collections and the ability to afford basic services. As of now, 50 percent of persons over the age of 16 lack literacy and numeracy skills in New Mexico.

The picture will remain bleak unless something is done immediately, such as raising the minimum wage, providing a state earned income tax credit and improving the quality of child care. Further, the next step of raising the skills of those ages 25-54 is essential, and can be accomplished by investing in adult basic education and literacy. Ms. Monaco reported that currently there are 770,000 people between the ages of 25-54 in the New Mexico workforce; 130,800 have no high school diploma or GED; 14,000 are enrolled in a GED program; and only 3,300 are actually expected to receive a GED or diploma. Nationally, some \$59.00 per person per year is spent on adult literacy programs; in New Mexico, this number is \$21.20. Ms. Monaco reported on barriers to adult basic education — some as "simple" as paying for books, some more complex, such as being able to access transportation to get to school or finding time for classes. She suggested providing business incentives for on-site adult basic education programs at work sites, including before and after work, so that employed persons could benefit from such skill-building while they already have child care services in place.

She also suggested housing adult basic education programs at various businesses as well as at community colleges and not-for-profits able to contract for teachers to be in the field. She suggested that one step is to raise supports for poor families now in the system. A second step would be to improve the skills of the incumbent workforce between the ages of 25-54. A third step would be to begin to put into place programs for investing in quality early care education so that there is a greater likelihood of success in schools and at graduation. During committee questioning, Ms. Monaco said it would be particularly important to ensure that very low-income persons, those not even eligible for the Earned Income Tax Credit (EITC) get both the EITC and the low-income tax credit and noted that such persons have not been eligible to receive any of New Mexico's \$350 million tax package. Ms. Monaco discussed using unemployment insurance for poverty programs and noted that although there is \$600 million in the Unemployment Insurance Fund, the \$25 million that was directed to unemployed persons for services did not come through. She said that the rates of persons who need remedial coursework in college are high in New Mexico.

Representative Sandoval asked Ms. Monaco about the cost of doing an update on the Bare Bones Budget each year, and she said it would cost approximately \$20,000 per year. She also noted that there is a huge variability on accountability among community colleges and that the legislature should examine outcomes as well as appropriation amounts for community

college programs. Finally, she noted that the OWTB program has been an abysmal failure and that people who have not found jobs because of constant reorganization of departments and staff are falling into homelessness.

Finally, she pleaded with the committee to start looking carefully at the impact of race across all indicators among poverty clients, such as imbedded and structural racism that lead to rates as high as 33 percent among Hispanics needing GED credentials as compared with only seven percent of Anglos. She said poverty is a proxy for race and class — not that any one group is less capable than another.

Higher Education Report — Performance Measures

Secretary-designee Beverlee McClure, Higher Education Department (HED), reported to the committee on problems with articulation between community colleges and universities, about dual enrollment and on improving New Mexico's affordability for higher education.

She noted that \$50 million has gone into the College Affordability Act, which was passed as an alternative to the lottery tuition scholarship so that students can attend community colleges while also paying for books. She also noted that various proposals to expand the lottery scholarship are in the works — among them, a one-year wait-out period for military personnel, a one-year wait-out period for others and the ability to attend tribal colleges. She reviewed the "report card" for New Mexico's higher education enterprises nationally, noting that the schools overall rate only a "D", since only 50 percent of college students in New Mexico return for their second year. The schools are spending \$20 million for remediation programs, although one could run a good-sized college for that amount of money.

She said that there is a wide gap between the performance of students of various races, which has earned the state a "C" because, among other problems, enrollment should, but does not, mirror local ethnicity. Ms. McClure also reviewed accomplishments of the HED, as it has improved on affordability and on the economic impact of adult basic education programs. Finally, she urged the legislators to fund higher education generously, emphasizing the links between education and employment and moving out of poverty. The secretary-designee noted that she has been working on improving the dual-credit programs and that one successful model for dual credit has been tested with success. She has approved requests for expansion of teacher loan-for-services programs and the addition of full-time staff.

She acknowledged, on questioning by Senator Ortiz y Pino, that the cost for GED courses varies widely across the state, from \$5.00 for each of six tests or \$30.00 in some areas, to \$150 in others. Representative Varela again asked the presenter for information for the LFC's consideration, including detailed information on the HED's organizational chart and divisions.

Response to HSD Statutory Compliance Changes for the DRA

Ms. Hoffman expressed concern over several aspects of the draft language designed to supplant some of the current statutory provisions of the New Mexico Works Act in keeping with new federal requirements. The committee and Ms. Hoffman went through specific proposed changes and the committee asked that Ms. Hoffman and HSD meet again to attempt to reach a consensus on changes for the act.

Endorsements

The committee decided on its endorsements for legislation (see the appendix attached to the final committee report). The committee adjourned at 11:45 a.m.

Bill endorsements for WROC

	Bill topic	Sponsor	Y/N
Transportation			
	(1) Establish statewide fund for federal matches required	none	Y
	(2) Direct GSD to study ways to use retired state cars for TANF clients in rural areas, to work with community college mechanic programs for maintenance of state cars acquired by TANF clients and to allow TANF clients to use the state pool for insurance	none (Memorial)	Y
Education			
	(1) Standardize dual enrollment so both high school and higher education get credit	Ezzell & Trujillo	Y
	(2) Provide mechanics programs in ABE	Larranaga	Y
	(3) Increased funding for ABE/GED	Harden & Sandoval	Y
	(4) Use incumbent worker training - create scholarships	Harden	Y
	(5) Train & pay pre-K child care providers the same as K-12 teacher inservice	Vaughn & Lopez	Y
	(6) Full educational scholarships for children in state custody	Trujillo & Sandoval	Y
	(7) Require HSD to track the economic self-sufficiency of former TANF clients after they receive education	Varela & Lopez	Y
	(8) Loan forgiveness for social workers who work at CYFD	Ortiz y Pino	Y
	(9) Move Education Works out of TANF budget - support department with GF request for \$500,000 specifically for EW	Ortiz y Pino	Y
Jobs			

	Require state personnel to study/report on ways to set hiring goals TANF participants and persons with disabilities in state agencies - Memorial	Ortiz y Pino & Lopez	Y
LIHEAP			
	(1) Energy savings program- underwrite energy audits by MFA for low-income people who want to save on energy costs (often covered by LIHEAP)--	Ryan	Y
	(2) LHHS-endorsed \$4 million emergency appropriation	Sandoval & Lopez	Y
	(3) Establish extraction tax as permanent source of funding for LIHEAP programs	M. P. Garcia	Y
Children	(1) Retrospective credits for child care center that upgrade to meet environment department standards	Beffort & Larranaga	Y
	(2) Change child care eligibility and support ("cliff effect")	Lopez & M. P. Garcia	Y
	(3) Expand earned income tax credit for state taxes including change to allow families to take both Low Income Tax Credit and Earned Income Tax Credit. Fund to 15% of federal return	Harden & Chavez	Y
	(4) Expand toy lending libraries-for TTAP, educational toys	Beffort	Y
	(5) More \$ for social worker salaries at CYFD	Vaughn & Lopez	Y
	(6) Require CYFD to apply for benefits in timely fashion before releasing children from foster care or state custody	Vaughn & Ortiz y Pino	Y
	(7) Endorse ECAN "package" for increased funding for child care, training for child care workers	Lopez	Y
	(8) Provide tax credit for stay-at-home parents & grandparents	Salazar & Larranaga	Y
	(9) At-home infant care	Lopez & Picraux	Y

Housing and homelessness	Increase funding for homelessness by \$500,000 (to \$1.45M)	Sandoval & Ortiz y Pino	Y
Other/add'l	Move Individual Development Accounts back to local government, make \$1M appropriation	Harden & Larranaga	Y
General	Amend the Individual Development Account Act	Harden & M. H. Garcia	
	Rule-making authority for BH collaboratives	Trujillo & Lopez	Y
	Recommend unitary budget for ValuOptions	Lopez	Y
	Ask LFC to require annual report to WROC from ValuOptions - Memorial	Sandoval	Y